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**FOR IMMEDIATE RELEASE**

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**THE CONSUMER'S SAFETY NET: CANCELING AN ILL-ADVISED CONTRACT**

SACRAMENTO—The California Department of Consumer Affairs today advised consumers of their contract cancellation rights as part of its "Don't Fall into Consumer Traps" public awareness campaign. "Although the law allows a brief opportunity for contract cancellation in many cases, your best option is to thoroughly educate yourself and understand the consequences of signing the contract before you sign it," said Consumer Affairs Acting Director Ron Joseph.

A number of laws give consumers the right to cancel contracts in specific transactions shortly after the consumer signs a contract. These statutory cancellation rights are in addition to more general cancellation rights when the consumer's consent was obtained through the seller's fraud or misrepresentation, or if the bargain fails in some major respect through no fault of the consumer.

There are also times when consumers do not have statutory contract cancellation rights. A recent survey conducted by the department shows that the majority of Californians **mistakenly** think that a three-day right of cancellation applies to new or used car purchases. There is no such cancellation right unless the seller agrees to cancel the contract, or unless a legal cause such as fraud is present.

Generally, a consumer-buyer may cancel the contracts listed on the attached page for any reason, or for no reason other than a change of heart. To cancel, the buyer must send the seller a written notice of cancellation within the period allowed by statute (most cancellation periods begin when the consumer receives written notification of his or her right to cancel). The written notice must state that the consumer is canceling the contract. The consumer must sign and date the notice. The consumer may use the Notice of Cancellation form provided by the seller, but any written notice is sufficient.

In addition, the buyer should send the notice to the seller by certified mail return, receipt requested, at the address the seller has given in the sale documents. A copy of the notice should be retained by the buyer for his or her own records to be able to prove that the notice was given. The buyer's notice of cancellation normally is effective when it is deposited in the mail with the proper address and postage. The buyer should note the exact date, time and place of mailing on the retained copy.

The consumer may also have other cancellation rights. Almost any consumer contract entered into in a consumer's home (or somewhere other than the seller's place of business), for consumer goods or services costing \$25 or more, can be canceled by sending a written notice of cancellation to the seller by midnight of the third business day after the consumer signed the contract.

A partial list of statutory cancellation rights is attached. Some of the statutory cancellation periods are measured in business days. The Department of Consumer Affairs is a leading consumer advocate in California government, establishing standards of competency for more than 200 professions/occupations and administering the regulatory functions of licensing, examination and enforcement for those professions/occupations. Last year, the department recovered \$26 million for consumers; fielded several hundred thousand calls through its 800 number; renewed licenses for more than 800,000 professionals and businesses; mediated thousands of consumer complaints; and took disciplinary action against more than 32,000 licensees.

Gov. Pete Wilson proclaimed October "Consumer Information Month" in concert with the department's launch of the "Don't Fall Into Consumer Traps" campaign, which includes news releases on various topics, a special website area on [www.dca.ca.gov](http://www.dca.ca.gov), and radio public service announcements.

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